

April 20, 2005

Comments from ANR Pipeline Company before Joint Committee of Senate Finance and House Tax Policy

ANR Pipeline Company and Affiliates:

- Investment in Michigan is almost \$1 billion;
- 168 employees, from many parts of the State;
- Median annual salary of ANR employee is \$65,000;
- ANR pays more than \$9 million annually in property taxes, 90% of which is personal property tax;
- ANR delivers 35% of natural gas daily into the state of Michigan;

SB 296/HB 4476 increases ANR's tax liability by 82%!

- ANR, like many businesses, must manage its costs. An SBT liability of this magnitude means that costs, such as taxes may get passed on to consumers of natural gas or, that employment must diminish to manage the increase in cost to the company.
- Impact of this tax increase appears to be significant for the transportation sector which cannot easily move its assets to reflect the changing tax climate.
- Tax changes, such as proposed in SB 296 and HB 4476, do have an impact upon investment decisions made by company management.
- Like the manufacturing sector, ANR Pipeline has made significant capital investment in Michigan. ANR has been making capital investments in Michigan since 1949.
- ANR has had a longstanding commitment to the state and the well being of its economy.
- By taxing interstate natural gas companies at a higher rate than others in the same class of taxpayers, it is our opinion that a discriminatory tax policy being proposed by the state.

Recommendations:

- ✓ Equal tax treatment for all of Michigan businesses;
- ✓ Allow transportation companies to benefit from the proposed 35% credit for property taxes paid in the State.